



Property Casualty Insurers  
Association of America  
Shaping the future of American Insurance

2099 South River Road, Des Plaines, IL 60018-3206

FTK

## STATEMENT

### PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

#### H.B. No. 6235 – AN ACT REQUIRING ADVANCE PAYMENT UNDER A FIRE INSURANCE POLICY.

#### COMMITTEE ON INSURANCE AND REAL ESTATE

February 1, 2011

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 6235, which would require advance partial payments of the amount of loss under a fire insurance policy. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI member companies provide 41 percent of Connecticut's property casualty coverage.

Assisting policyholders to get back on their feet and get their lives back in order following a loss is a top priority for PCI member companies. Accordingly, PCI member companies generally provide advance partial payments of agreed upon amounts and routinely issue checks for living expenses, emergency repairs and other necessary expenses. We do not object to providing such payments where such payments are not in question.

We are concerned, however, that this legislation would try to force insurers to pay such amounts where no agreement relative to the loss has been reached or where there is some question relative to whether payment should be made. This bill would mandate that the insurer agree with the policyholder as to a partial payment. A partial payment may not be appropriate in some cases where coverage questions, fraud investigations or other investigations may be ongoing which may make agreement to partial payment impossible for the insurer. If a partial payment is disputed, then the insurer should not be required to make such a partial payment.

The existing statute authorizes partial payments upon mutual agreement of the insurer and policyholder. This legislation would remove the mutual nature of the current statute by requiring payment at the sole request of the policyholder. We would submit that this would create an unbalanced situation and may require the payment of claims which are fraudulent or non-meritorious. Any payment of such claims would unnecessarily increase insurance costs and result in increased premiums for Connecticut policyholders.

For the foregoing reasons, PCI urges your Committee to not favorably advance HB 6235.